



Date: November 8, 1999 Mass Mailer #99-19
To: All School Districts and County Superintendents of Schools
Subject: **USE OF SCHOOL FACILITY PROGRAM PROJECT SAVINGS**

At the request of the State Allocation Board (SAB), the Office of Public School Construction (OPSC) was directed to clarify how School Facility Program savings are treated and captured for other districts' projects if the district was approved for a financial hardship. The OPSC developed a clarification statement that was approved by the SAB at the October 27, 1999 meeting as follows:

- Separate site and/or design funding applications are not subject to the savings criteria outlined in Regulation Section 1859.103. They are not deemed to be completed projects until the separate funding applications have been "matched" by an off-set of the apportionment when the district submits the new construction or modernization final funding applications for the entire project. Once the project is "matched," savings will be recognized as outlined in Regulation Section 1859.103.
- The State's portion of any savings on either a new construction or modernization funding application, with or without financial hardship funding, are subject to capture by the OPSC for three years to reduce the financial hardship funding on other projects of the district. The three-year period for each funding application begins once the savings are declared by the district or when determined by the OPSC, whichever occurs first, and ends three years later. If savings are not captured by the OPSC within the three-year period, the district may use the savings for other high priority capital facility needs of the district.
- If a district has no financial hardship projects or does not contemplate filing for financial hardship, any declared or determined savings may be used immediately for other high priority capital facility needs of the district.
- The State's portion of the savings includes any portion of savings financed with financial hardship funding.
- The determination of savings by the OPSC will occur within two years of whichever date occurs first:
 - The date the district filed the "notice of completion" for the project, all outstanding invoices, claims, change orders have been satisfied and the facility is currently in use by the district.
 - Three years for elementary and four years for middle and high school projects from the date of the final fund release for the project.
 - The date the OPSC receives the final expenditure report from the district.

- If the OPSC does not determine the savings on the project within the two-year period, the district may then use any savings for other high priority capital facility needs of the district.

Should you have questions or need any additional information regarding the contents of this letter, please contact Carolyn Harmon, Audits Supervisor, at charmon@dgs.ca.gov or (916) 322-0315.

Sincerely,

LUISA M. PARK
Interim Executive Officer
Office of Public School Construction

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